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5 UNITED STATES PATENT AND TRADEMARK OFFICE
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8 BEFORE THE BOARD OF PATENT APPEALS
9 AND INTERFERENCES
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12 *Ex parte* RAYMOND S. BAMFORD and SAM W. GABRIEL
13
14

15 Appeal 2008-1787
16 Application 09/843,550
17 Technology Center 3600
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20 Decided: August 15, 2008
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22

23 Before HUBERT C. LORIN, ANTON W. FETTING, and MICHAEL W.
24 O'NEILL, *Administrative Patent Judges*.
25 FETTING, *Administrative Patent Judge*.
26

DECISION ON APPEAL

27 STATEMENT OF CASE

28 Raymond S. Bamford and Sam W. Gabriel (Appellants) seek review under
29 35 U.S.C. § 134 of a non-final rejection of claims 1-25, the only claims pending in
30 the application on appeal.
31

Appeal 2008-1787
Application 09/843,550

1 We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b) (2002).

2
3 We REVERSE.

4 The Appellants invented a way to determine the price of goods by selecting a
5 price based on whether title to the goods passed directly from seller to buyer or
6 passed through an intermediary (Specification 2: SUMMARY OF THE
7 INVENTION).

8 An understanding of the invention can be derived from a reading of exemplary
9 claim 1, which is reproduced below [bracketed matter and some paragraphing
10 added].

11 1. A computer-implemented method for determining a price of goods
12 made by a manufacturer in response to at least one electronic price
13 request from a buyer for the goods, comprising the acts of:

- 14 [1] receiving the electronic price request from the buyer;
- 15 [2] in response to the electronic price request, performing a computer-
16 executed act of determining whether title to the goods passes directly
17 from the manufacturer to the buyer or through an intermediate e-
18 market place;
- 19 [3] computing a price of the goods to the buyer based at least partially
20 on the determining act;
- 21 [4] providing the buyer with a machine-readable signal for displaying
22 the computed price.

23 This appeal arises from the Examiner's non-final Rejection, mailed December
24 4, 2006.

Appeal 2008-1787
Application 09/843,550

1 The Appellants filed an Appeal Brief in support of the appeal on February 28,
2 2007. An Examiner's Answer to the Appeal Brief was mailed on July 5, 2007. A
3 Reply Brief was filed on September 5, 2007.

PRIOR ART

5 The Examiner relies upon the following prior art:

Kopelman US 2004/0138966 A1 Jul. 15, 2004

REJECTION

7 Claims 1-25 stand rejected under 35 U.S.C. § 103(a) as unpatentable over
8 Kopelman.

ISSUES

10 The issue pertinent to this appeal is whether the Appellants have sustained their
11 burden of showing that the Examiner erred in rejecting claims 1-25 under 35
12 U.S.C. § 103(a) as unpatentable over Kopelman.

13 The pertinent issue turns on whether Kopelman describes or suggests the
14 determining and price computation steps [2] and [3] in claim 1.

FACTS PERTINENT TO THE ISSUES

16 The following enumerated Findings of Fact (FF) are believed to be supported
17 by a preponderance of the evidence.

18 *Facts Related to Claim Construction*

01. The disclosure contains no lexicographic definition of “title.”

20 02. The ordinary and customary meaning of “title” within the context of
21 commerce and goods is the coincidence of all the elements that

1 constitute the fullest legal right to control and dispose of property or a
2 claim.¹

3 *Kopelman*

4 03. Kopelman is directed to facilitating sales of goods of independent
5 parties by an intermediary, referred to as the "marketeer". Goods in
6 addition to those listed or registered for sale by sellers at the marketeer's
7 website are presented by the marketeer for browsing by a buyer.

8 Information concerning such additional goods may be retrieved from a
9 database accessible to the marketeer controller. In one embodiment, the
10 marketeer refers the buyer to a third party vendor if the buyer wishes to
11 purchase the good and the good sought by the buyer is not listed for sale
12 with the marketeer, e.g., by presenting a link to the vendor's website
13 (Kopelman ¶ 0020).

14 04. In Kopelman, an independent seller may be presented with a menu
15 including selectable options for deriving a sale price for the independent
16 seller's good. Each of the options corresponds to a respective
17 predetermined method for determining the sale price. The sale price for
18 the independent seller's good is derived using the predetermined method
19 corresponding to a seller-selected option (Kopelman ¶ 0021).

20 05. In Kopelman, an index price is obtained from a third party at a time
21 proximate to the time the seller registers the good with the marketeer as
22 a good offered for sale by the seller (Kopelman ¶ 0025).

¹ *American Heritage Dictionary of the English Language* (4th ed. 2000).

1 06. In Kopelman, the seller may specify a method for deriving the sale
2 price as a function of the index price. Alternatively, the marketeer may
3 specify the method. In alternate embodiments, the seller is presented
4 with additional alternative options for pricing the seller's good, e.g., to
5 specify a fixed price, or to specify a discount from a suggested retail
6 price, i.e., a "list" or "cover" price instead of deriving a price from an
7 index price. The marketeer may optionally store a database of suggested
8 retail prices (Kopelman ¶ 0025).

9 07. Kopelman describes an example where price may represent a discount
10 from the index price, e.g., a 50% discount from the index price
11 (Kopelman ¶ 0028).

12 08. Kopelman describes how the marketeer may facilitate the sale, for
13 example, by identifying the buyer to the seller and the seller to the buyer
14 and permitting the buyer and seller to complete the transaction.
15 Alternatively, the marketeer may facilitate the same by referring the
16 parties to a third party intermediary acting as a clearinghouse for the
17 transaction, or by acting as the clearinghouse itself. When the marketeer
18 acts as the clearinghouse, it receives only sold goods and therefore has
19 no inventory in the traditional sense (Kopelman ¶ 0028).

20 *Facts Related To The Level Of Skill In The Art*

21 09. Neither the Examiner nor the Appellants have addressed the level of
22 ordinary skill in the pertinent arts of systems analysis and programming,
23 ecommerce systems, property law, pricing algorithms, or financial
24 transaction systems. We will therefore consider the cited prior art as
25 representative of the level of ordinary skill in the art. *See Okajima v.*

Bourdeau, 261 F.3d 1350, 1355 (Fed. Cir. 2001). (“[T]he absence of specific findings on the level of skill in the art does not give rise to reversible error ‘where the prior art itself reflects an appropriate level and a need for testimony is not shown’”) (quoting *Litton Indus. Prods., Inc. v. Solid State Sys. Corp.*, 755 F.2d 158, 163 (Fed. Cir. 1985).

Facts Related To Secondary Considerations

10. There is no evidence on record of secondary considerations of non-obviousness for our consideration.

PRINCIPLES OF LAW

Claim Construction

11 During examination of a patent application, pending claims are given
12 their broadest reasonable construction consistent with the Specification. *In*
13 *re Prater*, 415 F.2d 1393, 1404-05 (CCPA 1969); *In re Am. Acad. of Sci.*
14 *Tech Ctr.*, 367 F.3d 1359, 1364, (Fed. Cir. 2004).

15 Limitations appearing in the Specification but not recited in the claim are not
16 read into the claim. *E-Pass Techs., Inc. v. 3Com Corp.*, 343 F.3d 1364, 1369 (Fed.
17 Cir. 2003) (claims must be interpreted “in view of the specification” without
18 importing limitations from the specification into the claims unnecessarily).

19 Although a patent applicant is entitled to be his or her own lexicographer of
20 patent claim terms, in *ex parte* prosecution it must be within limits. *In re Corr*,
21 347 F.2d 578, 580 (CCPA 1965). The applicant must do so by placing such
22 definitions in the Specification with sufficient clarity to provide a person of
23 ordinary skill in the art with clear and precise notice of the meaning that is to be
24 construed. *See also In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994) (although

1 an inventor is free to define the specific terms used to describe the invention, this
2 must be done with reasonable clarity, deliberateness, and precision; where an
3 inventor chooses to give terms uncommon meanings, the inventor must set out any
4 uncommon definition in some manner within the patent disclosure so as to give
5 one of ordinary skill in the art notice of the change).

6 *Obviousness*

7 A claimed invention is unpatentable if the differences between it and the
8 prior art are “such that the subject matter as a whole would have been obvious at
9 the time the invention was made to a person having ordinary skill in the art.” 35
10 U.S.C. § 103(a) (2000); *KSR Int’l v. Teleflex Inc.*, 127 S.Ct. 1727 (2007); *Graham*
11 *v. John Deere Co.*, 383 U.S. 1, 13-14 (1966).

12 In *Graham*, the Court held that that the obviousness analysis is bottomed on
13 several basic factual inquiries: “[1] the scope and content of the prior art are to be
14 determined; [(2)] differences between the prior art and the claims at issue are to be
15 ascertained; and [(3)] the level of ordinary skill in the pertinent art resolved.” 383
16 U.S. at 17. *See also KSR Int’l v. Teleflex Inc.*, 127 S.Ct. at 1734. “The
17 combination of familiar elements according to known methods is likely to be
18 obvious when it does no more than yield predictable results.” *KSR*, at 1739.

19 “When a work is available in one field of endeavor, design incentives and
20 other market forces can prompt variations of it, either in the same field or a
21 different one. If a person of ordinary skill can implement a predictable variation, §
22 103 likely bars its patentability.” *Id.* at 1740.

23 “For the same reason, if a technique has been used to improve one device,
24 and a person of ordinary skill in the art would recognize that it would improve
25 similar devices in the same way, using the technique is obvious unless its actual
26 application is beyond his or her skill.” *Id.*

“Under the correct analysis, any need or problem known in the field of endeavor at the time of invention and addressed by the patent can provide a reason for combining the elements in the manner claimed.” *Id.* at 1742.

ANALYSIS

5 *Claims 1-25 rejected under 35 U.S.C. § 103(a) as unpatentable over Kopelman.*

6 We initially consider claim 1. The Examiner found that Kopelman described
7 all of the limitations, except that step [2] was implied by Kopelman’s acting as a
8 clearinghouse and step [3] was implied by the necessity of a price at such a
9 clearinghouse (Answer 3-4). The Appellants contend that, while Kopelman
10 describes pricing options, all of them are essentially adjustments to some index
11 price without any consideration of title (Br. 13). The Appellants further contend
12 that Kopelman’s discussion of acting as a clearinghouse, or anywhere else, makes
13 no mention of determining who has title (Br. 11).

14 We agree with the Appellants. The Examiner did not find that Kopelman
15 described price computations step [3], but found that one of ordinary skill would
16 have known that prices at a clearinghouse would be needed (Answer 4). The
17 Examiner explains at Answer 15 that title is synonymous with ownership and that
18 Kopelman's marketeer acting as a clearinghouse implies a transfer or ownership.
19 This is simply inaccurate law. Absent any evidence in Kopelman of transfer of
20 ownership or title, Kopelman's acting as a clearinghouse may be no more than an
21 agent not in possession of the goods, but of the means to create commercial
22 documents for sales.

23 Kopelman's pricing algorithm has no apparent relationship with title and is
24 only some factor multiplied by a price index. The Examiner's argument that a

1 price is needed at a clearinghouse in no way implies the computation takes title
2 into consideration.

3 The Appellants have sustained their burden of showing that the Examiner erred
4 in rejecting claims 1-25 under 35 U.S.C. § 103(a) as unpatentable over Kopelman.

5 **CONCLUSIONS OF LAW**

6 The Appellants have sustained their burden of showing that the Examiner erred
7 in rejecting claims 1-25 under 35 U.S.C. § 103(a) as unpatentable over the prior
8 art.

9 **DECISION**

10 To summarize, our decision is as follows:

11 • The rejection of claims 1-25 under 35 U.S.C. § 103(a) as unpatentable over
12 Kopelman is not sustained.

13

14 **REVERSED**

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Appeal 2008-1787
Application 09/843,550

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